1099

INSTRUMENT PREPARED BY VIRGINIA GAS AND OIL BOARD

ORDER RECORDED UNDER CODE OF VIRGINIA SECTION 45.1-361.26

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

SUPPLEMENTAL ORDER REGARDING

DOCKET NO. VGOB 05/08/16-1492-01

**ELECTIONS, UNIT: V502028** 

(hereinafter "Subject Drilling Unit")

TAX MAP IDENTIFICATION NUMBERS:

TAX MAP IDENTIFICTION NUMBERS FOR ALL PARCELS AFFECTED BY THIS ORDER ARE SHOWN ON EXHIBIT (S) \_ B\_ WHICH IS/ARE ATTACHED TO AND A PART OF THIS ORDER.

REPORT OF BOARD

#### FINDINGS AND ORDER

1. This Supplemental Order is entered by the Board sua sponte in the form authorized by the Board at its hearing held at 9:00 a.m. on October 20, 1992, Board of Supervisors Room, Courthouse, Grundy, Virginia, and pursuant to authority granted to the Board's Chairman at the hearing of the Virginia Gas and Oil Board on June 16, 1992, at 9:00 a.m. at the Rhododendron Restaurant at the Breaks Interstate Park, Breaks, Virginia; and this Supplemental Order is being recorded for the purpose of (1) complying with the requirement of the Virginia Gas and Oil Board Regulations, 4 VAC 25-160.70C by supplementing the Order previously issued by the Board for subject Docket on March 8, 2006, and recorded in Book 423, Page 369 at the Office of the Clerk of Circuit Court, Dickenson County, Virginia on March 14, 2006, (herein "Board Order") to complete the record regarding elections. The Board Order pooled all interest in Subject Drilling Unit including those of the Respondents more particularly set forth and identified by the Designated Operator in the affidavits attached hereto and made a part hereof. The Board finds it has jurisdiction over the subject matter pursuant to the provisions of the Virginia Gas and Oil Act, § 45.1-361.1 et seq., Virginia Code, 1950 as amended.

#### 2. Findings: The Board finds that:

- (a) The Board Order directed Equitable Production Company, (herein the Designated Operator"), to mail copies of the Board Order to all respondents whose interest, if any, were pooled by said Board Order;
- (b) The designated operator filed its affidavit of mailing dated April 27, 2006, disclosing that it had mailed a correct copy of the Board's Order to all Respondents whose interest, if any, were pooled by said Board Order;

- (c) The Board Order required each Respondent whose interest, if any, were pooled by the terms of said Board Order to make his or her election within thirty (30) days after the date of mailing or recording, as applicable, of said Order; the Designated Operator has filed its amended affidavit dated August 28, 2006, in accordance with § 7.C of the Virginia Gas and Oil Board Regulations and 4 VAC 25-160.70C (herein "Affidavit of Election"), wherein it has, for each Respondent whose interest, if any, were pooled by said Board Order, stated: (i) whether each Respondent has made or failed to make a timely election; (ii) the nature of the election made, if any; (iii) whether, by reason of a failure to elect or to timely elect one or more Respondents are deemed, under the terms of the Board's Order, to have leased all their rights, title, interest, estates and claims in Subject Drilling Unit to the Designated Operator;
- (d) The Board Order further required the Designated Operator, after expiration of the election period, to file with the Board a statement of the interests subject to escrow under the terms and provisions of the Board Order, in light of the elections made or deemed to have been made (herein "Statement of Interests"); that the Designated Operator furnished said Statement of Interests as part of its Amended Affidavit of Election. A copy of which is attached hereto as Exhibit B;
- (e) Current Board standards requiring the escrow of funds and the Board's agreement with its Escrow Agent, Wachovia Bank, Corporate Trust, PA 1328, 123 South Broad Street, Philadelphia, PA 19109-1199, (888) 396-0853, Attn: Rachel Rafferty, or any successor named by the Board, require the entry of a Supplemental Order establishing of record the elections made or deemed to have been made and specifying the sums or percentage thereof subject to escrow. Current Board escrow standards were made applicable to Subject Drilling Unit by a Board Order dated December 23, 1992.
- 3. Order: By this Order, the Board orders the Designated Operator to tender, consistent with and in accordance with the findings set forth at paragraph 2 above and the annexed Affidavits, any funds subject to escrow and instructs the Escrow Agent, Wachovia Bank, Corporate Trust, PA 1328, 123 South Broad Street, Philadelphia, PA 19109-1199, (888) 396-0853, Attn: Rachel Rafferty, or any successor named by the Board to establish interest-bearing escrow account(s), IRS Tax Identification Number 54-1629506, in accordance with the information set forth in said affidavits to receive such funds and account to the Board therefore.
- 4. Mailing of Order and Filing of Affidavit: The Designated Operator under the captioned Order or its Attorney shall file an affidavit with the Secretary of the Board within ten (10) days after the date of receipt of this Order stating that a true and correct copy of this Order was mailed to each person whose interest or claim is subject to escrow and whose address is known.
- 5. <u>Conclusion:</u> Therefore, the findings and all terms and provisions set forth above be and hereby are granted and IT IS SO ORDERED.

# BK 432PG 279

| 6. Effective Date: This Order shall be effective   |                                       |
|--|---------------------------------------|
| DONE AND EXECUTED this day of the Virginia Gas and Oil Board.  | of Movember, 2006 by a majority       |
| of the virginia das and on board.  | 1                                     |
|  | Booker st                             |
|  | Chairman, Berny R. Wampler            |
|  |                                       |
| DONE AND PERFORMED THIS day of this Board.   | of Morenda, 2006 by Order             |
| of this board.   |                                       |
|  | Mh With                               |
|  | B. R. Wilson                          |
|  | Principal Executive to the Staff      |
|  | Virginia Gas and Oil Board            |
|  |                                       |
| STATE OF VIRGINIA ) COUNTY OF (Laboration  |                                       |
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| Acknowledged on this 5th day of Jume   |                                       |
| public in and for the Commonwealth of Virginia, a<br>sworn did depose and say that he is Chairman of the |                                       |
| executed the same and was authorized to do so.   | to virginia due and dir board, mat no |
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|  | Notary Public                         |
| My commission expires: 93009   |                                       |
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| STATE OF VIRGINIA )  |                                       |
| COUNTY OF Washington   |                                       |
| Acknowledged on this 15 day of Naumb   | 2006 personally before me a           |
| notary public in and for the Commonwealth of Vir   |                                       |
| sworn did depose and say that he is Principal Exec   |                                       |
| Board, that he executed the same and was authorize   | ed to do so.                          |
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|  | Diane I Davis                         |
|  | Notary Public                         |
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| My commission expires: 9-30-05   |                                       |

#### **VIRGINIA:**

#### BEFORE THE VIRGINIA GAS AND OIL BOARD

IN RE: Application of Equitable Production Company, for Forced Pooling of Interests in Unit Number V502028 VGOB Docket No. VGOB-05/08/16-1492-01 in the Kenady Magisterial District of Dickenson County, Virginia.

AMENDED AFFIDAVIT OF WILHOIT & KAISER, Attorneys-at-Law, Agents for the Designated Operator REGARDING ELECTIONS, ESCROW ACCOUNTS AND SUPPLEMENTAL ORDER

James E. Kaiser (herein Affiant), being first duly sworn on oath, deposes and says:

- 1. That the Affiant is an attorney in the law firm of WILHOIT & KAISER, the Agent for the Designated Operator, with offices located at 220 Broad Street, Kingsport, Tennessee 37660, and is authorized to give this Amended Affidavit in its behalf;
- 2. That the Order entered on March 8, 2006, by the Virginia Gas and Oil Board regarding the captioned Conventional Unit required the Applicant to mail a true and correct copy of said Order to each person pooled by said Order;
- 3. That within seven (7) days of the receipt of an executed copy of the Order referred to at Paragraph 2. above, the Affiant was directed to cause a true and correct copy of said Order to be mailed via the United States Postal Service to each Respondent named in the captioned Application, whose address was known, and to all persons, if any, who are added as Respondents at the hearing held in the captioned matter;
- 4. That the Order of the Virginia Gas and Oil Board in the captioned matter required all persons pooled thereby to tender their written elections to the Unit Operator within thirty (30) days of the date said Order was recorded in the county above named; that said Order was recorded on March 14, 2006.
- 5. That the Designated Operator, by and through their agent, Wilhoit & Kaiser, Attorneys-at-Law, have established procedures to review all mail received and all written documents received by means other than by mail to ascertain whether parties whose interest have been pooled have made a written election, in a timely fashion, as required by the captioned Order; that said procedures were followed to identify the elections, if any, made with regard to Subject Unit; that the following persons delivered, by mail or otherwise, written elections to the Unit Operator, within the thirty day election periods:

NONE

6. That the interest and/or claims of the following persons (who made timely elections, or who are deemed under the terms of the Board's Order to have leased, or who, subsequent to the pooling hearing held in the captioned matter, have leased or otherwise entered into an agreement with the Designated Operator) are subject to escrow under the Board's Order pooling the captioned Unit, as unknown ownership to the gas estate:

| TRACT | <u>LESSOR</u>   | LEASE<br>STATUS              | NET<br>REVENUE<br>INTEREST |
|-------|---|------------------------------|----------------------------|
| 4     | Pine Mountain Oil & Gas, Inc.<br>Attn: Jerry Grantham<br>P.O. Box 2136,<br>Abingdon, VA 24212 | Leased-EPC<br>241490 / T-689 | 0.00215000                 |
| OR    | Troniguon, VII 2-212  |                              |                            |
| 4     | Unknown Heirs of W.B. Powers  | Unleased                     | 0.00215000                 |
| 5     | Unknown Heirs of W. B. Powers   | Unleased                     | 0.05935000                 |
| OR    |   |                              |                            |
| 5     | Equitable Production Company  |                              |                            |
| 16A   | Theo Puckett<br>Unknown   | Unleased                     | 0.00037084                 |
|       | Lillian Caplinger<br>Unknown  | Unleased                     | 0.00037083                 |
|       | Garnett Mullins<br>Unknown  | Unleased                     | 0.00037083                 |

7. That after the pooling hearing held in the captioned matter, the following persons have leased or entered into a voluntary agreement with the Designated Operator with regard to their interest and/or claims.

**NONE** 

8. That the following persons have not made a timely election and have failed to enter into an agreement with the Designated Operator and their respective interests shall be deemed to have leased pursuant to and in accordance with paragraph 10 of the Order.

| Tract | Payee  | Cash Consideration          |
|-------|--|-----------------------------|
| 4     | Unknown Heirs of W.B. Powers Escrow to Bank                                      | 1.9400 X \$5.00 = \$9.70    |
| 5     | Unknown Heirs of W. B. Powers<br>Escrow to Bank                                  | 53.5100 X \$5.00 = \$267.55 |
| 14    | Harry Eugene Bise &<br>Vivian Bise h/w<br>Route 1 Box 305<br>Clintwood, VA 24228 | 1.0800 X \$5.00 = \$5.40    |
| 16    | Mary Alice Bise & M.A. Bise w/h 26623 Watuaga Road Abingdon, VA 24211            | 1.1500 X \$5.00 = \$5.75    |
| 16A   | Theo Puckett<br>Unknown<br>Escrow to Bank  | 0.3333 X \$5.00 = \$1.67    |
|       | Lillian Caplinger<br>Unknown<br>Escrow to Bank                                   | 0.3333 X \$5.00 = \$1.67    |
|       | Garnett Mullins<br>Unknown<br>Escrow to Bank                                     | 0.3333 X \$5.00 = \$1.67    |
| 17    | Ida M. Mitchell, widow<br>Route 1 Box 307<br>Clintwood, VA 24228                 | 3.7300 X \$5.00 = \$18.65   |

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That pursuant to the provision of 4VAC 25-160.70C annexed hereto and incorporated herein

| said annexed supplemental order sets forth that the services of the Escrow Agent are required  |
|--|
| in this matter pursuant to the terms of §§ 45.1-3\( \int 1.21.D. \)  |
| in this matter parsault to the terms of §§ 43.1 Sp1.21.15.   |
|  |
| 3) Hund  |
| Dated at Kingsport, Tennessee, this day of 2006.   |
| $M = M \cdot M$  |
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| Affiant  |
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|  |
| Taken, subscribed and sworn to before me by James E. Kaiser, the Agent of Equitable  |
|  |
| Production Company, a corporation, on behalf of the corporation, this day of day of 2006.  |
| //////////////   |
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| My commission expires: 1/-/2-08  |
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| My commission expires: 11-12-08  Notary  TENNESSEE   |
| My commission expires: 11-12-08  Notary  TENNESSEE   |

### BK L32PG 284 EXHIBIT "B" V-502028 VGOB 05/08/16-1492

| TRACT                           | LESSOR   | LEASE<br>STATUS              | INTEREST<br>WITHIN<br><u>UNIT</u> | GROSS<br>ACREAGE<br>IN UNIT           | NET<br>REVENUE<br>INTEREST |
|---------------------------------|--|------------------------------|-----------------------------------|---------------------------------------|----------------------------|
| 9                               | Sas Estate Only  |                              |                                   |                                       |                            |
| <b>1</b><br>#5589               | Pine Mountain Oil & Gas, Inc.<br>Attn: Jerry Grantham<br>P. O. Box 2136<br>Abingdon, VA 24212        | Leased-EPC<br>241490L        | 23.80000000%                      | 26.8200                               | 0.02975000 RI              |
|                                 | Equitable Production Company   |                              |                                   |                                       | 0.20825000 WI              |
| Tract 1 Totals                  |  |                              | 23.80000000%                      | 26.8200                               | 0.23800000                 |
| 2<br>#13564<br>#12463<br>#12462 | Brown Family Trust<br>C/O: Fred Brown<br>6625 N. 270 East<br>Howe, IN 46746                          | Leased-EPC<br>241561/Tract-1 | 0.02000000%                       | 0.0200                                | 0.00002500 RI              |
|                                 | Equitable Production Company   |                              |                                   |                                       | 0.00017500 WI              |
| Tract 2 Totals                  |  |                              | 0.02000000%                       | 0.0200                                | 0.00020000                 |
| <u>3</u><br>#20198              | Pine Mountain Oil & Gas, Inc.<br>Attn: Jerry Grantham<br>P.O. Box 2136,<br>Abingdon, VA 24212        | Leased-EPC<br>241490 / T-665 | 1.45000000%                       | 1.6300                                | 0.00181250 RI              |
|                                 | Equitable Production Company   |                              |                                   | · · · · · · · · · · · · · · · · · · · | 0.01268750 WI              |
| Tract 3 Totals                  |  |                              | 1.45000000%                       | 1.6300                                | 0.01450000                 |
| <b><u>4</u></b><br>#5589        | Pine Mountain Oil & Gas, Inc.<br>Attn: Jerry Grantham<br>P.O. Box 2136,<br>Abdingdon, VA 24212<br>or | Leased-EPC<br>241490 / T-689 | 1.72000000%                       | 1.9400                                | 0.00215000 RI              |
| #13653                          | Unknown Heirs of W.B. Powers   | Unleased                     | 1.72000000%                       | 1.9400                                | 0.00215000                 |
|                                 | Equitable Production Company   |                              |                                   |                                       | 0.01505000 WI              |
| Tract 4 Totals                  |  |                              | 1.72000000%                       | 1.9400_                               | 0.01720000                 |
| <u>5</u><br>#13653              | Unknown Heirs of W. B. Powers  | Unleased                     | 47.48000000%                      | 53.5100                               | 0.05935000 RI              |
|                                 | Equitable Production Company   |                              |                                   |                                       | 0.41545000 WI              |
| Tract 5 Totals                  |  |                              | 47.48000000%                      | 53.5100                               | 0.47480000                 |
| <u>6</u><br>#6119               | Brenda Richard, single<br>Route 1 Box 324A<br>Clintwood, VA 24228                                    | Leased<br>905993.01          | 0.38333300%                       | 0.4333                                | 0.00047917 RI              |
| #6119                           | Kenneth Byron Cissne<br>14025 Moorepark Street<br>Apt. #4<br>Sherman Oaks, CA 91423                  | Leased<br>905993.02          | 0.76666700%                       | 0.8667                                | 0.00095833 RI              |
|                                 | Equitable Production Company   |                              |                                   | ····                                  | 0.01006250 WI              |
| Tract 6 Totals                  |  |                              | 1.15000000%                       | 1.3000                                | 0.01150000                 |

### BK 432PG 285 EXHIBIT "B" V-502028 VGOB 05/08/16-1492

| TRACT                                 | <u>LESSOR</u>   | LEASE<br>STATUS  | INTEREST<br>WITHIN<br><u>UNIT</u> | GROSS<br>ACREAGE<br>IN UNIT | NET<br>REVENUE<br>INTEREST |
|---------------------------------------|---|------------------|-----------------------------------|-----------------------------|----------------------------|
| <u>7</u><br>#4834                     | Carl P. Mullins &<br>Phylliss M. Mullins h/w<br>Route 1 Box 300<br>Clintwood, VA 24228  | Leased<br>905948 | 0.51000000%                       | 0.5700                      | 0.00063750 RI              |
|                                       | Equitable Production Company  |                  |                                   |                             | 0.00446250 WI              |
| Tract 7 Totals                        |   |                  | 0.51000000%                       | 0.5700                      | 0.00510000                 |
| . <u>8</u><br>#4705                   | George F. Lothery &<br>Rebecca D. Lothery h/w<br>Route 1 Box 299<br>Clintwood, VA 24228 | Leased<br>906086 | 0.14000000%                       | 0.1600                      | 0.00017500 RI              |
|                                       | Equitable Production Company  |                  |                                   | <del></del>                 | 0.00122500 WI              |
| Tract 8 Totals                        |   |                  | 0.14000000%                       | 0.1600                      | 0.00140000                 |
| <u>9</u><br>#4203                     | Palmer Theo Yates &<br>Mildred Yates h/w<br>Route 1 Box 305A<br>Clintwood, VA 24228     | Leased<br>905941 | 1.20000000%                       | 1.3500                      | 0.00150000 RI              |
|                                       | Equitable Production Company  |                  |                                   |                             | 0.01050000 WI              |
| Tract 9 Totals                        | · · · · · · · · · · · · · · · · · · ·   |                  | 1.20000000%                       | 1.3500                      | 0.01200000                 |
| <u>10</u><br>#5895                    | Gregory B. Salyer, single<br>Route 1 Box 304<br>Clintwood, VA 24228                     | Leased<br>906001 | 4.63000000%                       | 5.2200                      | 0.00578750 RI              |
|                                       | Equitable Production Company  |                  | <del>~~~</del>                    | <del></del>                 | 0.04051250 WI              |
| Tract 10 Totals                       | <del> </del>  |                  | 4.63000000%                       | 5.2200                      | 0.04630000                 |
| <b>11</b><br>#5910<br>#5897<br>#21554 | Gregory B. Salyer, single<br>Route 1 Box 304<br>Clintwood, VA 24228                     | Leased<br>906093 | 4.6000,0000%                      | 5.1800                      | 0.00575000 RI              |
|                                       | Equitable Production Company  |                  |                                   |                             | 0.04025000 WI              |
| Tract 11 Totals                       |   |                  | 4.60000000%                       | 5.1800                      | 0.04600000                 |
| <u>12</u><br>#5896                    | Agnes Evelyn Salyer, Widow<br>Route 1 Box 304<br>Clintwood, VA 24228                    | Leased<br>906004 | 0.80000000%                       | 0.9000                      | 0.00100000 RI              |
|                                       | Equitable Production Company  |                  |                                   |                             | 0.00700000 WI              |
| Tract 12 Totals                       |   |                  | 0.80000000%                       | 0.9000                      | 0.0080000                  |
| <u>13</u><br>#19838<br>#4213          | Donna Bise Baker &<br>Rex Baker w/h<br>PO Box 714<br>Clintwood, VA 24428                | Leased<br>906110 | 1.20000000%                       | 1.3500                      | 0.00150000 RI              |
|                                       | Equitable Production Company  |                  |                                   |                             | 0.01050000 WI              |
| _Tract 13 Totals                      |   |                  | 1.20000000%                       | 1.3500                      | 0.01030000 VVI             |
|                                       |   |                  |                                   |                             |                            |

## BK L. 32PG ...286 V-502028 VGOB 05/08/16-1492

| TRACT                        | <u>LESSOR</u>   | LEASE<br>STATUS  | INTEREST<br>WITHIN<br><u>UNIT</u> | GROSS<br>ACREAGE<br>IN UNIT | NET<br>REVENUE<br>INTEREST |
|------------------------------|---|------------------|-----------------------------------|-----------------------------|----------------------------|
| <b>14</b><br>#13654          | Harry Eugene Bise &<br>Vivian Bise h/w<br>Route 1 Box 305<br>Clintwood, VA 24228    | Unleased .       | 0.96000000%                       | 1.0800                      | 0.00120000 Ri              |
|                              | Equitable Production Company  |                  |                                   |                             | 0.00840000 WI              |
| Tract 14 Totals              |   |                  | 0.96000000%                       | 1.0800                      | 0.00960000                 |
| <u>15</u><br>#20842<br>#6407 | Palmer Theo Yates &<br>Mildred Yates h/w<br>Route 1 Box 305A<br>Clintwood, VA 24228 | Leased<br>905951 | 5.12000000%                       | 5.7800                      | 0.00640000 RI              |
|                              | Equitable Production Company  |                  | 4                                 |                             | 0.04480000 WI              |
| Tract 15 Totals              |   |                  | 5.12000000%                       | 5.7800                      | 0.05120000                 |
| <u>16</u><br>#4217           | Mary Alice Bise &<br>M.A. Bise w/h<br>26623 Watuaga Road<br>Abingdon, VA 24211      | Unleased         | 1.02000000%                       | 1.1500                      | 0.00127500 RI              |
|                              | Equitable Production Company  |                  |                                   |                             | 0.00892500 WI              |
| Tract 16 Totals              |   |                  | 1.02000000%                       | 1,1500                      | 0.01020000                 |
| <u>16A</u>                   | Theo Puckett<br>Unknown   | Unleased         | 0.29666667%                       | 0.3333                      | 0.00037084 RI              |
|                              | Lillian Caplinger<br>Unknown  | Unleased         | 0.29666667%                       | 0.3333                      | 0.00037083 RI              |
|                              | Garnett Mullins<br>Unknown  | Unleased         | 0.29666667%                       | 0.3333                      | 0.00037083 RI              |
|                              | Equitable Production Company  |                  |                                   |                             | 0.00778 <u>750</u> WI      |
| Tract 16A Totals             |   |                  | 0.89000000%                       | 1.0000                      | 0.00890000                 |
| <u>17</u><br>#5739           | Ida M. Mitchell, widow<br>Route 1 Box 307<br>Clintwood, VA 24228                    | Unleased         | 3.31000000%                       | 3.7300                      | 0.00413750 RI              |
|                              | Equitable Production Company  |                  |                                   |                             | 0.02896250 WI              |
| Tract 17 Totals              |   |                  | 3.31000000%                       | 3.7300                      | 0.03310000                 |
|                              | Total Gas Estate  |                  | 100.00000000%                     | 112.6900                    | 1.0000000                  |

RECORDED IN THE CLERK'S OFFICE OF DICKENSON ON NOVEMBER 30: 2006 AT 02:14PM JOE TATE: CLERK

| VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF DICKENS presented in said office, and upon the certificate of acknowledgment thereto annex \$ tax imposed by Sec. 58.1-802. | SON COUNTY, $N0V$ , $30$ , $2000$ T is deed was this deed, admitted to record at $214$ o'clock $9$ M, after payment | ay<br>of |
|--|---|----------|
| Original softward this day to Diane Miss   | TESTE: JOETSATE, CLERK BY: \ \ \ O(10/4 \) \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \                                      | 11.      |